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Budget Speech

OF

THE HON. A. O. AALBORG

TREASURER OF THE PROVINCE OF ALBERTA

DELIVERED AT THE SECOND SESSION
OF THE

Fifteenth Legislature

OF THE PROVINCE OF ALBERTA

1965

IN THE

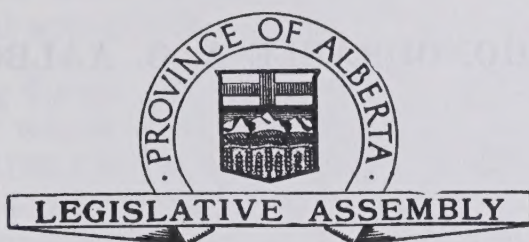
Legislative Assembly of Alberta

ON MOVING THE HOUSE INTO COMMITTEE OF SUPPLY

ALSO STATEMENTS OF
FINANCIAL AND GENERAL INFORMATION

PUBLISHED BY ORDER OF THE LEGISLATIVE ASSEMBLY

Printed by L. S. Wall, Queen's Printer for Alberta
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1965 BUDGET SPEECH

THE HONOURABLE A. O. AALBORG

MR. SPEAKER:

This evening it is my privilege to propose for the first time the traditional and time honored motion that you do now leave the Chair and that this Assembly resolve itself into a Committee of Supply for the consideration of sums to be granted to Her Majesty.

On this occasion I am deeply conscious of the new and challenging responsibilities that have been entrusted to me as Provincial Treasurer since the last Session of the Assembly.

May I begin by paying a sincere tribute to my colleague and immediate predecessor, the Honourable Member for Cardston, Mr. E. W. Hinman, who delivered nine budget speeches in this House. He always displayed a personal acumen in matters monetary and financial that will be most difficult for his successors to equal. He presided over the affairs of the Treasury Department during a period of record economic growth and development in the Province. He made an outstanding contribution during his term of office that will always be recalled by his colleagues and the people of the Province with gratitude and appreciation.

When the Honourable the Premier in his capacity as Provincial Treasurer presented the budget for the fiscal year 1945/46, he included a statement in his opening remarks which we would do well to recall because it is just as valid today as it was then. He said on that occasion, and I quote:

"I regard every citizen of this Province as a shareholder in Alberta as a corporate State. The Honourable Members of this Legislature are the Directors who have been duly elected by the shareholders whose best interests you are here to safeguard and to advance. The Members of the Executive Council constitute the Administrative body responsible for the directing and supervising of public affairs in accordance with the will of the people as expressed in this Legislature by their elected representatives."

This quotation reminds us of the basic concept of Government in a democratic society which Premier Manning clearly set before this Assembly in 1945, and which he and his Government has consistently and vigorously pursued over the past twenty years. A comparison of the budget which he presented in 1945 with the budget which I am submitting at this time will reveal the very substantial results which adherence to this concept has produced, and the many benefits derived therefrom by our citizens as shareholders in the Province of Alberta.

The budget for 1945/46 called for total estimated expenditures of \$27,914,556 of which it was proposed to spend \$25,254,447 on income

account and \$2,660,109 on capital account. Total revenues were estimated at \$27,212,272 with \$26,054,430 from income account and \$1,157,842 from capital account for an over-all deficit of \$702,284.11.

For the coming fiscal year 1965/66, total estimated expenditures are \$493,782,862 of which it is proposed to spend \$391,228,361 on income account and \$102,554,501 on capital account. Total revenues are estimated at \$471,144,010 with \$452,702,920 from income account and \$18,441,090 from capital account for an estimated over-all deficit of \$22,638,852 which will be paid from surplus funds that have been accumulated from the operations of the Government in previous years.

The estimates which I have quoted show that the budget for the coming year is eighteen times greater than the budget of twenty years ago; that expenditures on income account will be more than fifteen times what they were in 1945/46 and that expenditures on capital account will be more than thirty-eight times greater.

It may be of interest to the Honourable Members to compare a few of the main items of expenditure found in these budgets separated by the relatively short span of twenty years:

ESTIMATED EXPENDITURE

	1945/46	1965/66
Health	\$3,284,941	\$120,124,150
Education	4,623,167	116,492,260
Welfare	2,449,117	29,375,280
Highways & Public Works	5,061,296	140,960,000
Public Debt	6,566,834	2,162,580

It will be noted that the expenditures to service the public debt which have declined by more than \$4,000,000 since 1945/46 stand in tremendous contrast to the phenomenal increases that have occurred in other areas of the budget. Twenty years ago nearly 25% of the entire budget was spent for this purpose. Next year only about 1/2% will be required. The comparisons with the budget of twenty years ago which I have indicated demonstrate the very great benefits that have been derived from the "pay as you go" policy which has always been followed by this Government.

The Budget Address delivered by the Honourable the Premier in 1945 contains a summary of the long and difficult struggle in which this Government was engaged to reorganize and refund the heavy burden of public debt inherited from previous administrations, a struggle which was finally won in that year. This victory has exerted a powerful and permanent influence on the policies of this Government. It has been a major factor in bringing the financial position of Alberta to a level which today is second to none in Canada. It has been instrumental in providing a high standard of social services and large scale public works programs without any borrowing or significant increase in the rates of Provincial taxation.

As I mentioned a little earlier total estimated expenditures for the next fiscal year will exceed total estimated revenues by \$22,638,852, but it should be clearly understood that this is not a departure from the firmly established "pay as you go" policy of the Government.

No new taxes will be introduced and no borrowing will be required. The anticipated deficit will be paid entirely from the accumulated surplus of revenues collected in previous years.

It should also be clearly understood, however, that drawing as heavily upon the accumulated reserves of the Province next year as now appears necessary is not something to be regarded complacently as a matter of little importance. The Government takes a serious view of this development particularly when the Province is not having a "rainy day" but is instead enjoying a period of unprecedented prosperity with buoyant revenues flowing into Provincial coffers.

The deficit which appears in this budget is clearly a stern warning to the Honourable Members that the pattern of our expenditures is threatening to outgrow the cloth of our revenues and that if this trend is not checked and abated the taxpayers of Alberta will some day have to be called upon to supply more cloth. This deficit is clearly a danger signal. It should remind the citizens of the Province and their elected representatives in this Assembly that any acceleration in the continuing very heavy demands for more and more social services and construction programs at public expense will inevitably lead to more and higher taxes, or a return to the debt ridden days of the past from which the people and the Government of the Province fought so long and hard to emerge during the early years of the present administration. We can steer clear of this hazard only if demands for further increases in government spending are moderated to keep pace with rising revenues from present sources.

Before dealing with the estimates, I would like to discuss the various aspects of our economy for the year 1964.

AGRICULTURE

The growing season for field crops for 1964 was unusual. Crops matured late especially in the Peace River area and harvesting generally was delayed owing to wet weather. However, with fine weather prevailing in the fall, threshing was practically completed throughout the Province. Yields varied greatly in different areas but provincial averages were above normal although wet weather and frost reduced the quality of grain with the northern areas suffering the most.

The recent large export sales of wheat required that all transportation and grain handling facilities be as efficient as possible. The lake ports were used to the fullest extent as long as was possible in 1963, and concentration on shipments to the Pacific ports was delayed until early 1964. As a result farm cash income was high last year and cannot be properly compared to 1963.

Grazing livestock in general went into the winter in good condition. However the severe winter has caused some losses and feed shortages developed in some areas.

North America had a record production of beef in 1964 causing a severe pressure on prices. Only a strong economy, which raised per capita consumption, prevented heavy losses being sustained by producers. There is an indication of a levelling off of cattle marketing in 1965 which will permit population growth to catch up with the

current high level of beef production. Pork production also has been heavy, and with some evidence of a decrease in hog raising in the United States, prices should strengthen in 1965.

Dairying and poultry industries increased their production but softer prices prevailed for some of the products in 1964.

The total value of agricultural production for 1964 is estimated to be \$862,613,000 which is a decrease of 3% from the total value in 1963. A table of agricultural production estimated for 1964 with a comparison to 1963 appears at the end of this address.

Development and utilization of our water resources is one of the main purposes of the ARDA program and the Province is devoting additional study and funds towards improving water conservation and flood control.

At the Brazeau River Development Calgary Power Ltd. expect very soon to put into operation the first generating unit of 150,000 kilowatts. This will provide a peaking service wherever it may be required in the Province. A second unit of some 180,000 kilowatts is expected to be in operation in 1966.

NATURAL RESOURCES

Alberta enjoyed one of its most prosperous and active years in oil and gas development during 1964. All aspects of the industry showed gains from 1963. Crude oil production increased from 168 million barrels to 175 million barrels, averaging out at 484 thousand barrels a day. This represents some 44% of the potential production of producing oil wells in Alberta. With new wells continually coming into production, plus an initial development of the Athabasca oil sands, it is necessary both on national and provincial levels to continue to strive for the expansion of markets for our oil.

Production of natural gas rose significantly from 673 billion cubic feet in 1963 to 760 billion cubic feet in 1964, with the products of natural gas, propane and butane, increasing by nearly 100% at 11.5 million barrels. Alberta continued to strengthen its position as a world producer of sulphur with production rising from 1.2 million to 1.4 million long tons. Gross sales of oil and gas and their products totalled \$650 million in 1964 compared to \$592 million in 1963. By the end of 1964 there were 83 gas processing plants in operation giving a most gratifying boost to our secondary industry.

Increased activity in the industry raised the footage drilled by 500 thousand and pushed the total past the 10 million mark up to 10.3 million feet. During the year 1790 wells were completed including 861 oil wells, 265 gas wells and 664 dry holes. There are now 12,114 oil wells, 1628 producing gas wells and 1497 capped gas wells in the Province. Figures for established reserves are not available for the end of 1964, but at the end of 1963, reserves totalled 3.81 billion barrels of crude oil, 32.9 trillion cubic feet of natural gas, 905 million barrels of natural gas liquids and 77 million long tons of sulphur.

Greater use of coal for the thermal generation of electric power at Wabamun, Sentinel, Battle River and Drumheller has increased

the production of coal from 2.3 million tons in 1963 to 2.9 million tons in 1964.

The demand for pasture lands continued to increase in all parts of the Province. Homestead leases and sales showed a substantial increase totalling 7039 at the end of 1964 compared to 5977 at the end of 1963. The sale of Crown lands for farms also shows a gratifying increase over the previous year.

Lumber production falls off from 568 million board feet in 1963 to 510 million in 1964. Prolonged and extremely cold weather curtailed activity in the forests. This condition was also reflected in a decrease in the number of timber licenses, although this situation is expected to improve in 1965.

The sale of angling and game licenses declined somewhat to a total of 276,361 licenses issued, while the value of furs and commercial fishing held steady at \$2,138,700 and \$11,560,00 respectively.

INDUSTRIAL DEVELOPMENT

By the year's end it was generally recognized that 1964 had been an exceptionally prosperous year. At the beginning of the year there had been some reservations regarding the construction industry and the resulting depressing effects that a downward trend would have on the large labor force engaged in that industry. However a surge of investment in the mining industry, chiefly oil and gas, together with the receipts from abnormal sales of wheat to Russia and China created a wave of cash and credit throughout the prairie economy. This had the effect of stimulating all industries, including construction, to new records. The value of mineral production rose from \$669 million in 1963 to \$747 million in 1964 due mainly to oil and gas and their by-products. Manufacturing increased by nearly 10% to a total of \$1,134 million, the main contributors being foods and beverages, wood products and metal producers. Construction increased with the value of building permits up by 2% to a total of \$285 million.

The outlook for Alberta for 1965 is very favorable. Development of our natural resources should continue at a gratifying rate chiefly from sales of natural gas. Several large new manufacturing plants, and a number of major plant expansions which took place in 1964, will come into full production in 1965, resulting in increased manufacturing output. The construction industry also will benefit from these expansions. Of the four major industries, agriculture alone may be somewhat adversely affected. With grain sales likely dropping back to normal levels, farm cash income will be less although this could be relieved by a recovery in livestock prices.

FEDERAL-PROVINCIAL FISCAL RELATIONS

The present arrangements cover the period April 1, 1962 to March 31, 1967. Under these arrangements The Alberta Income Tax Act is administered by the Federal Government which collects income tax on individuals and corporations in accordance with our Act and remits such collections to Alberta. Originally fifty percent of estate taxes applicable to estates in Alberta was also allocated to the Province

by the Federal Government. This percentage has been increased to seventy-five percent as of April 1, 1964. These arrangements also provide for equalization payments geared to the tax returns of the two wealthiest per capita provinces, but since natural resources revenue is a factor in calculating the equalization payments, we do not benefit from this except that we are guaranteed that receipts from income tax and fifty percent of estate taxes will be not less than \$59,232,000, being the amount we received for the fiscal year ended March 31, 1962, the last year of the previous tax-sharing agreement.

Under the current fiscal arrangements which commenced in 1962 the Federal Government agreed to withdraw from the individual income tax field to the extent of:

16% in 1962

17% in 1963

18% in 1964

19% in 1965

20% in 1966

and nine percent of corporation taxable income. The agreeing provinces could pick up these rates in their respective Acts without affecting the taxpayers. Recently the Prime Minister advised that the Federal Government would withdraw from an additional two percent of individual income tax for the year 1965 and a further two percent in 1966, leaving the way clear for the Provinces to add these rates to their Acts. Accordingly there will be an amendment to The Alberta Income Tax Act to raise the rate of individual income tax to 21% of the Federal rate for 1965, and 24% for 1966. Total receipts from The Alberta Income Tax Act have been estimated at \$65,700,000 for the coming year.

Last year a Federal-Provincial Tax Structure Committee composed of the Minister of Finance for Canada and the Ministers of Finance and Provincial Treasurers of the Provinces was established to conduct comprehensive and exhaustive studies of the fiscal relationships between the Government of Canada and the Governments of the Provinces. The purpose of these studies is to make preparations for the arrangements which will take effect after the present agreements expire on March 31st, 1967.

ALBERTA MEDICAL PLAN

Since 1946, the Government and the College of Physicians and Surgeons have worked together to provide comprehensive medical services to those citizens who are in receipt of provincial welfare payments. Now more than 60,000 people — children, widows, aged and blind—are receiving a high standard professional care.

Two years ago it was decided to bring such professional care within the reach of many more residents who were financially unable to meet the full cost of providing prepaid medical insurance. Discussions took place with the medical profession, and agreement was reached that the following principles would be observed:

1. That the program be entirely voluntary.
2. That it would preserve inviolate doctor-patient relations.

3. That insurance principles would be employed as a means to equalize the cost of medical services.
4. That it would maintain the responsibility of the individual to provide for his medical requirements, with the province assuming a responsibility to assist to the extent necessary to bring medical services within the financial reach of all the people.

As a result of these discussions the Alberta Medical Plan was born and was established by an amendment to The Treatment Services Act in 1963. Under this section of the Act, the Minister of Health, with the approval of the Lieutenant Governor in Council, could enter into agreements with Alberta Medical carriers to make comprehensive coverage for physicians' care available to all eligible residents who desire it and who need assistance to acquire such coverage. This assistance is a specified dollar subsidy and would be given on the condition that the carriers' premium would be reduced by the amount of such subsidy.

By regulation the amount of the subsidy was established as follows:

- (a) where the resident was not required to pay any income tax in the preceding year:
 - \$18.00 annually for a single person
 - \$42.00 annually for a family of two persons
 - \$72.00 annually for a family of three or more persons
- (b) where the resident was required to pay income tax on less than \$500 taxable income in the preceding year:
 - \$ 9.00 annually for a single person
 - \$21.00 annually for a family of two persons
 - \$36.00 annually for a family of three or more persons

The above subsidies are also made available on a semi-annual, quarterly or monthly basis proportionate to the annual amount.

The medical carriers in Alberta greeted the Plan enthusiastically, and with their full co-operation, enrolment proceeded at a satisfactory rate. The Plan came into existence on October 1, 1963, and after one year of operation nearly two hundred thousand residents were covered on a subsidized basis. In addition, 800,000 people carry ample medical insurance paid from their own resources, and 67,000 are welfare cases who are taken care of by the Province.

The amounts budgeted for the Plan were as follows:

for the fiscal year ended March 31, 1964	\$1,000,000
for the fiscal year ending March 31, 1965	2,830,800
for the fiscal year ending March 31, 1966	3,043,000

and the amounts actually spent were:

for the fiscal year ended March 31, 1964	\$1,176,793
for the period April 1, 1964 to January 31, 1965	1,953,554

TREASURY BRANCHES

Since assuming the duties and responsibilities of the Provincial Treasurer's office I have naturally become greatly interested in the affairs of the Treasury Branches and would like to give you a brief resume of their operations since their inception.

By The Treasury Branches Act which came into force on November 22, 1938, the Provincial Treasurer was authorized to establish and operate Branches of the Treasury Department to receive deposits and to enter into contracts for their repayment. The first Treasury Branch was opened at Rocky Mountain House in the same year, and very shortly thereafter five more Branches were opened at Edmonton, Andrew, Grande Prairie, Killam and St. Paul.

In 1940, The Treasury Branches Act was amended by authorizing the Provincial Treasurer to make loans, and the Treasury Branch loaning policy commenced early in 1943.

Steady growth followed as the Treasury Branches expanded their services to the public. Drafts and money orders are sold; mail and telegraphic transfers are handled; foreign exchange, including the sale of travellers' cheques, is conducted, safety deposit boxes are leased, and stocks and bonds are bought and sold for clients. In addition the Treasury Branches act as agents for the sale of motor licenses, fish and game licenses, hail insurance and fire insurance.

From a modest beginning in 1938, The Treasury Branches have grown to the point where, by the end of 1964, there were 61 branches, 5 sub-branches and 90 agencies in business requiring a staff of 520 to provide all the services available. It is gratifying to note the steady annual increase in deposits which total \$109,567,000 at the end of 1964, with loans amounting to \$65,873,000.

The totals of revenue and expenditure of the Treasury Branches for the last three fiscal years are shown in the following table:

	Fiscal Year Ended March 31		
	1962	1963	1964
Total revenue	\$3,877,773	\$4,782,013	\$5,615,394
Total expenditure	2,796,584	3,365,016	4,155,719
	\$1,081,189	\$1,416,997	\$1,459,675
Less transferred to Reserve for bad and doubtful loans	331,189	416,997	459,675
Net surplus credited to the General Revenue Fund of the Province	\$ 750,000	\$1,000,000	\$1,000,000

The above statement reveals that the Treasury Branches are operating on a profitable basis after making provision for bad and doubtful accounts. The Reserve for bad and doubtful accounts amounted to \$3,388,000 at March 31, 1964 which is considered ample for this purpose.

Returns for the current fiscal year indicate equally satisfactory results and continued growth and expansion of the Treasury Branches can be anticipated in the years ahead.

MUNICIPAL WINTER WORKS INCENTIVE PROGRAM

The following table shows the extent and benefits of the current Winter Works Program with a comparison to the program for the previous year.

	1964-65 Program	1963-64 Program
Total applications	770	753
Total cost of projects	\$21,000,000	\$21,635,000
Total direct payroll costs	6,300,000	4,860,922
Federal share of payroll costs (50%)	3,150,000	2,430,461
Provincial share of payroll costs (25%)	1,575,000	1,215,230

It is estimated that 9,500 persons will be employed for a total of 350,000 man days under this year's program.

COMMUNITY DEVELOPMENT

Recognizing the need for special attention to the sociological and economic problems of our citizens of Indian ancestry, particularly in northern Alberta, a community development program was launched during 1964. This is aimed at helping people in a community to help themselves.

Community development officers have been established in three locations — Fort McMurray, Fort Chipewyan and Slave Lake. The program will be expanded next year, and every effort will be made to encourage the development of local economic opportunities.

A native housing program will also be initiated this fiscal year in which the government will provide loans to native housing co-operatives to assist their members to obtain improved housing.

CO-OPERATIVE ACTIVITIES

Co-operatives and Credit Unions both had encouraging growth in 1964. Membership in 312 Credit Unions is now over 108,400 with combined assets of \$55.3 million. There are 822 Co-operatives in the Province and their retail sales increased by a record \$21.5 million last year.

The Rural Electrification Co-operative Program continues with 1871 additional farms added during last year. There are now 63,211 farms with electric power installed representing 95% of the occupied farms in Alberta. Rural Electrification Associations have been set up in all settled rural areas and power is available to virtually every farm in any established farming community.

Under The Rural Electrification Revolving Fund Act, loans totaling \$46.5 million have been made to December 31, 1964. Repayments amount to \$27.5 million leaving a balance outstanding of \$19.5 million. These repayments are re-loaned to new borrowers under the revolving aspect of the fund.

AUDITORIUMS

Attendance at the Jubilee Auditoriums in Calgary and Edmonton increased by sixteen percent in 1964 over the attendance in 1963. Nearly one million patrons attended the performances and meetings staged

at these fine buildings. This attests to their popularity both as to accommodation and performances given.

It has always been the policy of the Auditorium committee to establish commensurate rates for professional performances but encouragement through graduated rates is given to groups who use the buildings for cultural, educational, charitable and religious activities. As a result revenues do not cover the full operating costs.

TOURIST TRAVEL

Tourist travel for 1964, while not so encouraging as had been anticipated, due largely to poor weather conditions, nevertheless continues to be a major factor in our economy. There has been a steady growth in the number of facilities and services developed to aid the visitor to our Province, and there is every indication that these amenities will be expanded and improved in 1965. Greater emphasis will be placed in promoting inter-provincial travel and in assisting regional tourist associations in the promotion of attractions in their own areas.

THE ALBERTA HAIL INSURANCE BOARD

The Board's business continued to grow with nearly 2,600,000 acres insured at a risk of \$25,420,000 in 1964 compared to 2,400,000 acres insured for \$22,190,000 in 1963. Losses paid were \$508,934 which were considerably less than \$984,176 paid in the previous year. As a result the rate of dividends to non-claimants was increased from 15% to 25% and the amount paid was more than doubled at \$439,931. The reserves were increased by \$798,000 to a total of \$4,550,000 and assure a healthy financial picture for the Board.

PUBLIC ACCOUNTS — 1963-64

The Public Accounts for the fiscal year ended March 31, 1964, have been tabled and are available to the public. They provide detailed information regarding the financial operations of the Government for the year.

Our total revenues for the year amounted to \$442,835,639 and expenditures totalled \$396,279,569, resulting in a very substantial surplus of \$46,556,070, whereas the budget last year estimated a deficit of \$2,715,519. The vastly improved position resulted from buoyant revenues from several sources, chief amongst them being petroleum and natural gas rentals, royalties and lease sales which accounted for an increase in actual revenue over estimates by \$34,164,082. Reimbursements from the Federal Government under the Alberta Hospitalization Insurance Scheme accounted for \$4,276,190 of the increase and our fiscal arrangements with the Federal Government for another \$2,867,633. Capital payments for buildings and equipment were \$5,911,598 lower than the estimates due to poor weather conditions.

CURRENT FISCAL YEAR

The Interim Financial Statement covering the Government's financial operations for the nine months period ended December 31,

1964, has been made available to the Honourable Members. The statement reveals an over-all surplus of \$28,875,187 resulting from total revenues of \$377,123,950, and total expenditures of \$348,248,763.

It is rather difficult to compare actual revenue and estimates on a partial year basis, but we do know that the main reason for our surplus is due to much higher receipts from the sale of petroleum and natural gas Crown leases and reservations as a result of the very gratifying returns from sales in the new Lesser Slave area. Furthermore, I think that we can confidently anticipate that our surplus will be larger by the end of the fiscal year, March 31, 1965.

ESTIMATES FISCAL YEAR ENDING MARCH 31, 1966

Copies of the Estimates for the fiscal year ending March 31, 1966 have been tabled and distributed to the Members of this Assembly.

The Estimates are summarized as follows:

Revenue:			
Income account	\$452,702,920		
Capital receipts	<u>18,441,090</u>		
			\$471,144,010
Expenditure:			
Income account	\$391,228,361		
Capital payments	<u>102,554,501</u>		
			\$493,782,862
Estimated amount to be provided from accumulated surpluses			<u>\$ 22,638,852</u>

Each year our budget has been rapidly mounting in size, but this year as I have already indicated I am presenting an exceptionally large budget in the amount of \$493,782,862 which is \$79,293,018 more than last year's budget of \$414,489,844. The increase alone is almost as big as our entire budget of fifteen years ago.

With our buoyant economy, we expect total revenues to reach \$471,144,010 which will leave \$22,638,852 to be drawn from our reserves.

The following tables show our estimated revenue and expenditure by departments with a comparison to the amounts estimated a year ago.

ESTIMATED REVENUE — INCOME ACCOUNT

Department	Estimates 1965-66	Estimates 1964-65	Increase Decrease*
Agriculture	\$ 1,743,330	\$ 1,680,650	\$ 62,680
Attorney General	6,762,200	6,669,200	93,000
Education	1,902,070	1,613,845	288,225
Executive Council	6,711,700	7,502,495	790,795*
Highways	17,007,350	16,559,600	447,750
Industry & Development	155,000	150,000	5,000
Labour	609,000	575,000	34,000
Lands & Forests	7,979,000	7,750,000	229,000
Legislation	111,080	93,610	17,470
Mines & Minerals	180,212,500	145,194,500	35,018,000
Municipal Affairs	10,326,000	9,774,500	551,500
Provincial Secretary	46,512,810	44,328,210	2,184,600
Public Health	39,030,250	34,690,500	4,339,750
Public Works	2,160,950	1,476,535	684,415
Treasury—Federal Subsidies	2,898,000	2,840,000	58,000
Treasury—Federal-Provincial Fiscal Arrangements	7,850,000	7,850,000	
Treasury	<u>120,731,680</u>	<u>108,757,325</u>	<u>11,974,355</u>
Total: Estimated Revenue—Income Account	<u>\$452,702,920</u>	<u>\$397,505,970</u>	<u>\$55,196,950</u>

In addition to the foregoing statement of departmental revenue, I think it will be of interest to show the main sources from which the revenue is obtained and to compare those revenues with last year's figures.

Source of Revenue	Estimates 1965-66	Estimates 1964-65	Increase Decrease*
The Alberta Income Tax Act	\$ 65,700,000	\$ 59,150,000	\$ 6,550,000
Tax sharing arrangements and subsidies	10,748,000	10,690,000	58,000
Fuel Oil Tax & Auto Licenses	58,322,000	55,516,000	2,806,000
Alberta Liquor Control Board	28,500,000	26,500,000	2,000,000
Natural Resources	188,191,500	152,944,500	35,247,000
All other sources	101,241,420	92,705,470	8,535,950
	\$452,702,920	\$397,505,970	\$55,196,950

ESTIMATED CAPITAL RECEIPTS

Department	Estimates 1965-66	Estimates 1964-65	Increase Decrease*
Agriculture	\$ 330,500	\$ 446,000	\$ 115,500*
Highways	1,269,500	1,314,500	45,000*
Lands & Forests	1,386,000	1,275,000	111,000
Municipal Affairs	25,000	28,000	3,000*
Public Works	5,185,390	1,076,030	4,109,360
Treasury	10,244,700	10,128,825	115,875
	\$ 18,441,090	\$ 14,268,355	\$ 4,172,735

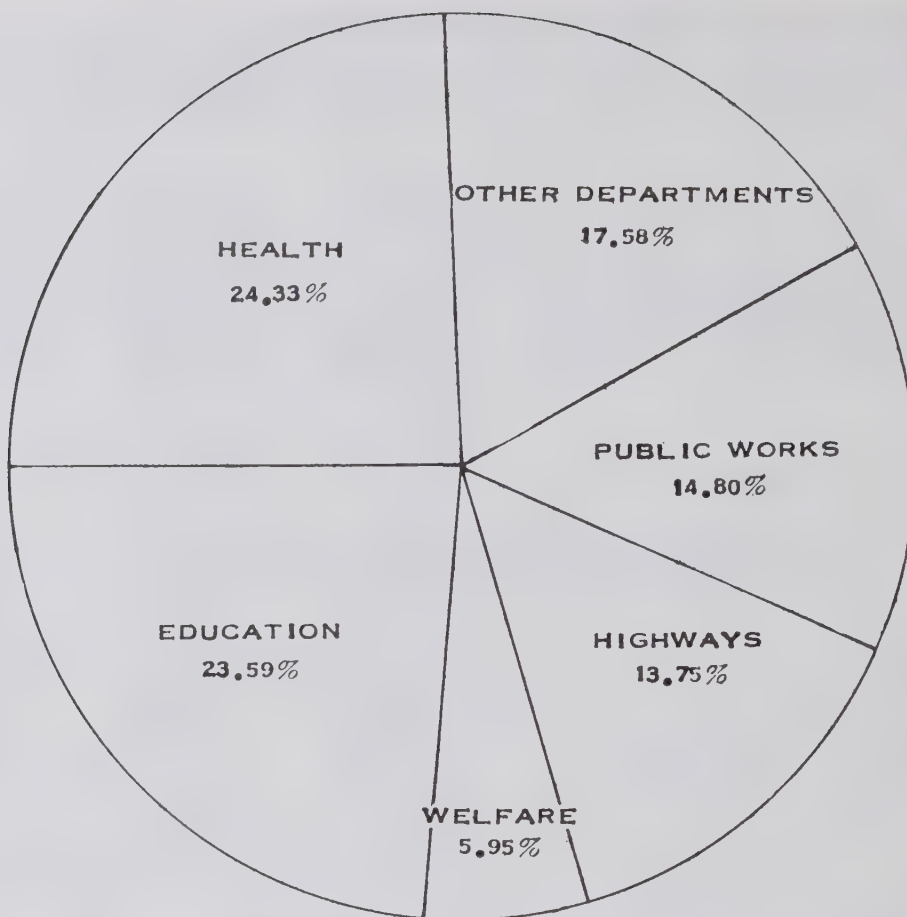
ESTIMATED EXPENDITURE — INCOME ACCOUNT

Department	Estimates 1965-66	Estimates 1964-65	Increase Decrease*	Percentage of Total Expenditure
Agriculture	\$ 6,503,724	\$ 5,843,345	\$ 660,379	1.66
Attorney General	13,029,190	11,796,660	1,232,530	3.33
Education	116,092,260	94,039,360	22,052,900	29.67
Executive Council	7,407,127	7,027,204	379,923	1.89
Highways	28,509,570	26,191,330	2,318,240	7.29
Industry & Development	1,508,520	1,150,320	358,200	.39
Labour	2,640,820	2,440,760	200,060	.68
Lands & Forests	11,652,490	10,751,500	900,990	2.98
Legislation	1,724,115	1,631,715	92,400	.44
Mines & Minerals	1,603,590	1,568,520	35,070	.41
Municipal Affairs	4,243,250	3,837,335	405,915	1.08
Provincial Secretary	2,645,660	2,364,845	280,815	.68
Public Debt	2,162,580	2,527,600	365,020*	.55
Public Health	120,124,150	104,636,700	15,487,450	30.70
Public Welfare	29,375,280	26,787,475	2,587,805	7.51
Public Works	16,667,730	15,707,810	959,920	4.26
Treasury	25,338,305	23,357,725	1,980,580	6.48
Total: Estimated Expenditure Income Account	\$391,228,361	\$341,660,204	\$49,568,157	100.00%

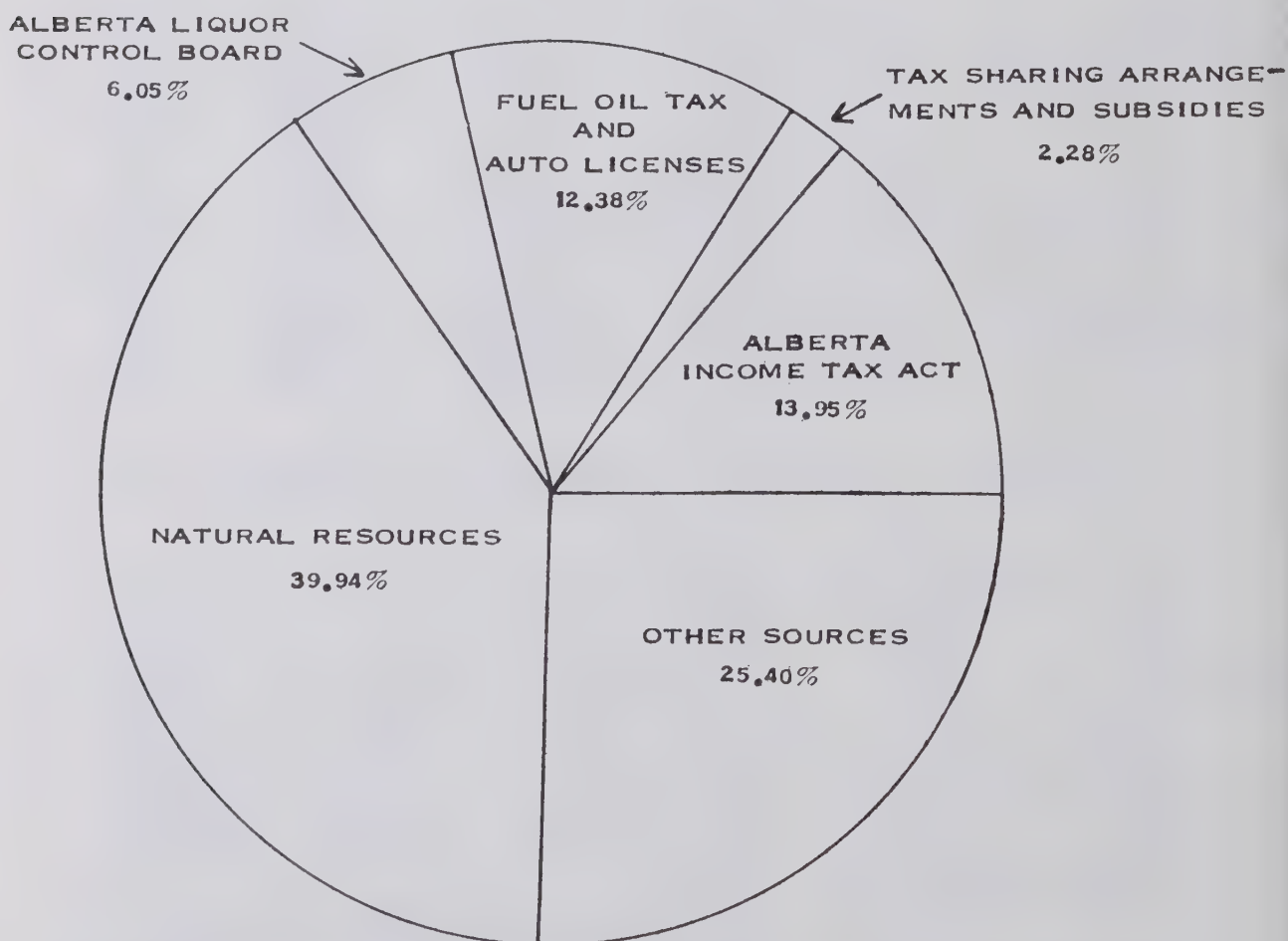
ESTIMATED CAPITAL EXPENDITURE

Department	Estimates 1965-66	Estimates 1964-65	Increase Decrease*
Agriculture	\$ 2,971,901	\$ 2,392,150	\$ 579,751
Education	400,000	750,000	350,000*
Executive Council	2,500,000	.....	2,500,000
Highways	39,360,700	37,453,210	1,907,490
Lands and Forests	864,900	710,350	154,550
Public Works	56,422,000	30,488,930	25,933,070
Treasury	35,000	1,035,000	1,000,000*
Total: Estimated Expenditure — Capital Account	\$102,554,501	\$ 72,829,640	\$29,724,861

I now draw your attention to detailed estimates for the various departments.



Percentage of Estimated Expenditures by major departments for the fiscal year ending March 31, 1966 — combined Income and Capital Accounts.



Percentage of Estimated Revenue by source for the fiscal year ending March 31, 1966 — combined Income Capital Accounts.

DEPARTMENT OF AGRICULTURE

	1965-66	1964-65	Increase or Decrease*
Estimated revenue:			
Income account	\$ 1,743,330	\$ 1,680,650	\$ 62,680
Capital account	330,500	446,000	115,500*
	<u>\$ 2,073,830</u>	<u>\$ 2,126,650</u>	<u>\$ 52,820*</u>
Estimated expenditure:			
Income account	\$ 6,503,724	\$ 5,843,345	\$ 660,379
Capital account	2,971,901	2,392,150	579,751
	<u>\$ 9,475,625</u>	<u>\$ 8,235,495</u>	<u>\$ 1,240,130</u>

Larger sums of money have been estimated for the Department of Agriculture to carry out its program of assistance to our agriculture industry. Appropriations totalling \$996,135 have been entered for district agriculturists and home economists to bring personalized service to farmers. An additional sum of \$1,336,675 has been included for supervision and control of field crops and inspection of the dairy, poultry and livestock industries. The agricultural colleges at Olds, Vermilion and Fairview will require \$1,414,020 to operate them on a year round basis with the Federal Government contributing \$451,500 to the vocational aspect of the instruction given. Further sums will be spent on farm economics and land development under the ARDA program towards which the Federal Government will provide \$234,617 which is approximately 50% of the expenditures approved under this scheme.

In the capital section large sums have been provided to continue development of irrigation projects particularly at St. Mary's and Bow Rivers. Land utilization and water control will also require substantial appropriations part of which will be recovered from the Federal Government under ARDA.

Of the revenue on income account, \$665,000 will come from interest and rebates of insurance premiums on loans under The Farm Purchase Credit Act, while other receipts are fees for specific services. Capital receipts are mainly repayments of water rights paid on behalf of farmers at the St. Mary's and Bow River Irrigation projects.

In the capital estimates of the Public Works Department, it is proposed that \$2,098,450 be spent for the Department of Agriculture which includes \$1,713,850 construction at the three schools of Agriculture and \$250,000 to commence construction of a veterinary laboratory in Edmonton.

ATTORNEY GENERAL'S DEPARTMENT

	1965-66	1964-65	Increase or Decrease*
Estimated revenue:			
Income account	\$ 6,762,200	\$ 6,669,200	\$ 93,000
Estimated expenditure:			
Income account	\$ 13,029,190	\$ 11,796,660	\$ 1,232,530

The total vote for the Attorney General's Department has again been materially increased due to the additional cost of police protection and the operation of our gaols and corrective institutions. Emphasis on rehabilitation and minimum security has been a major factor in

the increasing cost of operating gaols and institutions by \$656,845 to a total of \$4,874,640, while the new agreement with the Federal Government for R.C.M.P. protection will cost \$2,813,630, an increase of \$790,030. As an offset to additional police costs, last year's appropriation for Municipal Police Training amounting to \$622,300 has been reduced to a nominal sum of \$30,000. It is considered that the R.C.M.P. can provide most of the policing required in the Province, outside of local forces, but the nucleus of a training centre will be retained to be used as it becomes necessary to do so.

Further sums have been appropriated to operate the Land Titles Offices in Edmonton and Calgary, and to provide necessary legal services in the province.

Revenue comes chiefly from fees under The Land Titles Act and from statute fines, from which we estimate receipts of \$2,500,000 and \$2,100,000 respectively. Other revenue comes from fees charged for various legal services.

A very considerable amount of construction is planned for the gaols and institutions next year, and will be included in the capital vote for the Department of Public Works. Total construction is estimated to cost \$3,927,650, and will include \$849,000 for a new Provincial Gaol at Peace River; \$995,000 for a new rehabilitation centre at Belmont, \$550,000 for an administration building at the Provincial Gaol in Calgary, and \$410,000 for an addition to the Institute for Boys and Girls at Belmont.

DEPARTMENT OF EDUCATION

Mr. Speaker, in turning to the estimates of the Department of Education I must confess to a strong feeling of nostalgia because here we have the appropriations that were my particular and constant concern for nearly twelve years. This Department tugs hard at the strings of my heart, and as we shall see presently it tugs just as hard at the strings of the Provincial purse for which I am now responsible. May I record here my very deep gratitude to the Honourable the Premier for the opportunity which he gave me to serve long as his Minister of Education, and especially for allowing me to hold for two days late last July both the portfolios of Education and Provincial Treasurer. I felt then that the dream of every Minister of Education had come true for me. Following this brief interlude the responsibility for Education was transferred to the very capable hands of the present Minister, the Honourable Randolph McKinnon, who is already quite familiar with the work of his Department. I wish him continued success for many years to come.

	1965-66	1964-65	Increase or Decrease*
Estimated revenue:			
Income account	\$ 1,902,070	\$ 1,613,845	\$ 288,225
Estimated expenditure:			
Income account	\$116,092,260	\$ 94,039,360	\$22,052,900
Capital account	400,000	750,000	350,000*
	\$116,492,260	\$ 94,789,360	\$21,702,900

The above table shows a very substantial increase in the Province's contribution towards the ever growing investment in education.

These rising expenditures are due in a large measure to the increasing number of students at our schools which in turn require more teachers, and to comprehensive programs of instruction desired by all school boards. The student population in our schools is growing at a rate of approximately 14,000 each year and for the 1963-64 year totalled 339,810, while the number of teachers amounted to 14,972 compared to 13,988 for the previous year of 1962-63. More than 14,000 students are enrolled in correspondence courses, chiefly for high school diplomas, and \$849,815 has been appropriated to pay for this.

The estimated expenditure of \$116,492,260 for the Department of Education is 29.67% of our total estimated expenditures on income account and 23.59% of our total budget for both income and capital accounts. Grants to schools have been increased by \$10,770,000 to a total of \$82,300,000 and \$15,000,000 has been provided for the construction of vocational schools. Of this latter amount \$11,567,000 will be recovered from the Federal Government.

Day time enrolment at the Northern Alberta Institute of Technology is presently 2000 and will likely be doubled by 1968, while day enrolment at the Southern Alberta Institute of Technology is just under 2000. The estimates include amounts of \$2,511,735 and \$2,137,745 respectively to operate these Institutes. Due to the technical nature of many of the courses offered, substantial reimbursements will be received from the Federal Government.

The number of students at the Universities of Alberta in Edmonton and Calgary is also increasing. It is expected that there will be approximately 10,500 full time day students on the Edmonton Campus next year and 3,000 on the Campus at Calgary. In addition there will likely be nearly 5,000 students attending summer courses on both campuses and more than 2,500 taking evening classes with an additional 1,000 or more part time students taking advantage of the courses offered. A total amount of \$18,500,000 has been included in the estimates for the payment of operating grants to both universities, and The University and College Assistance Act will be amended to provide for this payment which is estimated at \$1,365 per student. Before establishing the amount of this grant, which is \$3,900,000 more than the amount voted last year, the government and the Board of Governors of the University gave serious consideration to raising fees for all students taking courses at the University. However it was felt that it would be advisable to wait for the report of the Bladen Commission on Financing Higher Education following which a study would be made of the appropriate fee level for students at our Universities. In the meantime some increase will be made in fees for students other than full time undergraduates.

The policy of assisting deserving students to a University and Technical School education will be expanded and \$1,600,000 has been provided in grants and an additional \$400,000 in loans for this purpose.

In the Department of Public Works estimates, provision has been made for an exceptionally large program of constructing education buildings and equipping them. \$13,286,000 has been provided for new University buildings including \$3,000,000 to commence the social sciences building and \$1,200,000 for a central cooling plant at Ed-

monton, while at Calgary \$2,000,000 has been included to complete Calgary Hall, \$965,000 to complete the sciences building, \$800,000 to commence the engineering building and \$800,000 for a central heating and cooling building. For the Institutes of Technology we have appropriated \$7,317,900 including \$3,000,000 to commence the Tower complex and \$1,600,000 for an addition to the heating plant at the Southern Alberta Institute of Technology, and \$2,000,000 to complete the Tower Building at the Northern Institute of Technology.

In addition to the building program, \$4,000,000 will be required to furnish and equip buildings at the two universities and \$1,701,305 for furnishings and equipment at the Institutes of Technology.

EXECUTIVE COUNCIL

	1965-66	1964-65	Increase or Decrease*
Estimated revenue:			
Income account	\$ 6,711,700	\$ 7,502,495	\$ 790,795*
Estimated expenditure:			
Income account	\$ 7,407,127	\$ 7,027,204	\$ 379,923
Capital account	2,500,000	.....	2,500,000
	\$ 9,907,127	\$ 7,027,204	\$ 2,879,923

Contributions from the Public Service Pension Fund and the Local Authorities Pension Fund will amount in total to \$6,441,000 compared to \$7,400,000 for the previous year. The reduction is due to fewer new local authorities pension funds being assimilated and administered by the government.

Payments from both pension funds is expected to amount to \$4,260,500 compared to \$3,885,000 estimated last year.

The Research Council of Alberta will require \$1,832,737 to continue its studies and research in the interests of industrial development in the province.

A capital appropriation in the amount of \$2,500,000 has been introduced in this section of the Budget to launch a new program of roads, airstrips and other public works projects recommended by the Northern Development Council, and designed to accelerate development in the northern regions of the Province. This additional feature in the plans of the Government will extend over a period of three to five years and will require a total estimated expenditure of \$8,000,000.

In order to adequately conduct its research for the needs of our industry, a pilot plant with office and laboratory accommodation will be constructed for the Research Council to the east of Edmonton, and \$1,320,000 has been included in the Public Works vote for this purpose.

DEPARTMENT OF HIGHWAYS

	1965-66	1964-65	Increase or Decrease*
Estimated revenue:			
Income account	\$ 17,007,350	\$ 16,559,600	\$ 447,750
Capital account	1,269,500	1,314,500	45,000*
	\$ 18,276,850	\$ 17,874,100	\$ 402,750
Estimated expenditure:			
Income account	\$ 28,509,570	\$ 26,191,330	\$ 2,318,240
Capital account	39,360,700	37,453,210	1,907,490
	\$ 67,870,270	\$ 63,644,540	\$ 4,225,730

The following table shows the cost of our complete highways program for next year:

Maintenance and Administration

	1965-66	1964-65	Increase or Decrease*
Ferries, bridges and highways	\$ 6,722,730	\$ 6,586,630	\$ 136,100
Construction and maintenance of bridges in municipalities	2,900,000	3,000,000	100,000*
Construction and maintenance of highways in municipalities	12,250,000	12,280,000	30,000*
Grants for roads in cities	2,000,000	2,000,000	2,000,000
Construction—municipal projects	1,250,000	1,100,000	150,000
Approach roads	500,000	500,000	.....
Motor Vehicle Branch— administration	2,009,530	1,877,200	132,330
Administration	877,310	847,500	29,810
	\$ 28,509,570	\$ 26,191,330	\$ 2,318,240

Construction

	1965-66	1964-65	Increase or Decrease*
Main highways, bridges and ferries	\$ 39,360,700	\$ 37,453,210	\$ 1,907,490

In addition to the large sums required to maintain our main and district highways, a new amount of \$2,000,000 has been provided to assist the cities in construction of highways that connect in with provincial highways.

In the capital section an additional \$2,000,000 has been appropriated for construction of highways in the Lesser Slave area where oil development is taking place. Capital receipts come from shared cost capital programs with the Federal Government such as Roads to Resources and the Trans Canada Highway.

Revenue from the Highways Department comes for the most part from registering and licensing motor vehicles and drivers.

An amount of \$1,613,250 has been included in the estimates of the Public Works Department to construct maintenance shops and garages at various points in the Province to service and store Highways equipment.

DEPARTMENT OF INDUSTRY AND DEVELOPMENT

	1965-66	1964-65	Increase
Estimated revenue:			
Income account	\$ 155,000	\$ 150,000	\$ 5,000
Estimated expenditure:			
Income account	\$ 1,508,520	\$ 1,150,320	\$ 358,200

We are enjoying a period of remarkable industrial growth, and the Department of Industry and Development is assisting and promoting this development through the channels of publicity and personal contact. The Alberta Commercial Corporation has been established through which smaller organizations may obtain financial assistance not ordinarily available.

The Publicity appropriation has been increased from \$187,130 to \$352,400 to enable that branch to not only continue its normal operations but also commence centennial advertising and join the other western provinces in a joint display for the Montreal Exposition.

DEPARTMENT OF LABOUR

	1965-66	1964-65	Increase
Estimated revenue:			
Income account	\$ 609,000	\$ 575,000	\$ 34,000
Estimated expenditure:			
Income account	\$ 2,640,820	\$ 2,440,760	\$ 200,060

An amount of \$444,520 has been provided for the Board of Industrial Relations to continue its excellent work in successfully arbitrating disputes between management and labour.

As our economy expands, the use of gas, electricity and steam grows, and inspections under The Electrical Protection Act, The Gas Protection Act and The Boilers Act increase requiring \$1,141,245 to carry out these services. We expect to collect \$540,000 in fees for these services.

Apprenticeship training is administered by the Department and is expected to cost \$1,713,585 which includes instruction and maintenance of more than 5,000 apprentices studying 24 trades. Under cost-sharing arrangements with the Federal Government, \$846,415 will be recovered.

DEPARTMENT OF LANDS AND FORESTS

	1965-66	1964-65	Increase
Estimated revenue:			
Income account	\$ 7,979,000	\$ 7,750,000	\$ 229,000
Capital account	1,386,000	1,275,000	111,000
	\$ 9,365,000	\$ 9,025,000	\$ 340,000
Estimated expenditure:			
Income account	\$ 11,652,490	\$ 10,751,500	\$ 900,990
Capital account	864,900	710,350	154,550
	\$ 12,517,390	\$ 11,461,850	\$ 1,055,540

In dealing with the estimates for the Department of Lands and Forests I join in the tributes that have been made during this Session to the memory of the Honourable Norman Willmore.

During the past nine Sessions it was my happy privilege to be his deskmate in this Assembly and I shall always remember him as a gentle and friendly man with a very keen intellect and a quick and ready wit.

The late Minister was strongly dedicated to the most worthy cause of conserving our abundant natural resources of water, soil, timber and wildlife and he did much to preserve this priceless heritage for future generations. Well known as an ardent sportsman himself Mr. Willmore loved the unspoiled natural beauty of the remaining wilderness areas of our foothills Province and he often found well earned enjoyment and relaxation in the solitude of forest and stream.

The appropriations for the Department of Lands and Forests contained in this Budget bear the stamp of his vision, his personal initiative and the deep sense of responsibility which marked his conscientious stewardship over the years. We mourn his loss but rejoice and thank God for the good work that he did. Alberta is a better and a brighter place because he was here.

For next year we have estimated the very substantial sum of \$7,258,040 to manage and protect our forests. This is \$350,520 more than the amount of \$6,907,520 voted last year. This sum will assure a comprehensive program of forest protection and the orderly development of forest products to fit into our expanding industrial growth.

Further increased sums of \$1,106,320 and \$1,200,000 have been included to administer the fish and wildlife branch and to develop our provincial parks which have become very popular to tourists.

The new Minister of Lands and Forests, the Honourable Henry Ruste, will find that he has a well organized and competent Department to administer. I wish him every success in his new duties.

LEGISLATION

	1965-66	1964-65	Increase
Estimated revenue:			
Income account	\$ 111,080	\$ 93,610	\$ 17,470
Estimated expenditure:			
Income account	\$ 1,724,115	\$ 1,631,715	\$ 92,400

Provision for Sessional indemnities and expenses has been made in the amount of \$388,600, and the offices of the Provincial Auditor and the Data Processing Centre will require \$514,445 and \$724,570 respectively.

DEPARTMENT OF MINES AND MINERALS

	1965-66	1964-65	Increase
Estimated revenue:			
Income account	\$180,212,500	\$145,194,500	\$35,018,000
Estimated expenditure:			
Income account	\$ 1,603,590	\$ 1,568,520	\$ 35,070

Due to the exceedingly gratifying returns which have been recently realized from the sale of petroleum and natural gas Crown leases and reservations, we have substantially increased revenue from this source to \$75,000,000, an increase of \$27,000,000 over last year. Royalties have been increased by \$3,000,000 to \$59,000,000 and rentals are expected to yield \$43,000,000, up by \$5,000,000 from the previous year.

The administration of our natural resources will require a slightly increased vote of \$1,603,590.

DEPARTMENT OF MUNICIPAL AFFAIRS

	1965-66	1964-65	Increase or Decrease*
Estimated revenue:			
Income account	\$ 10,326,000	\$ 9,774,500	\$ 551,500
Capital account	25,000	28,000	3,000*
	\$ 10,351,000	\$ 9,802,500	\$ 548,500
Estimated expenditure:			
Income account	\$ 4,243,250	\$ 3,837,335	\$ 405,915

The main source of revenue is \$10,160,000 expected to be received from municipalities as their contribution to the Province's hospitalization scheme. The rate remains at 4 mills on the equalized assessment, but owing to an increase in total assessment, the estimated revenue is \$560,000 higher than last year.

The Municipal Winter Works Incentive Program continues to be active, and \$5,500,000 has again been provided to pay for 75% of the labor costs. The Federal Government will reimburse two-thirds of this amount being \$3,660,000.

The Department provides a uniform assessment service to municipalities, and appropriations totalling \$1,283,515 have been included to pay for this service.

PROVINCIAL SECRETARY'S DEPARTMENT

	1965-66	1964-65	Increase
Estimated revenue:			
Income account	\$ 46,512,810	\$ 44,328,210	\$ 2,184,600
Estimated expenditure:			
Income account	\$ 2,645,660	\$ 2,364,845	\$ 280,815

The Fuel Oil Tax is expected to yield \$42,000,000 an increase of \$2,000,000 over the amount estimated for the current year. Although our rates of tax, .12c per gallon on gasoline and .14c per gallon on diesel fuel, are the lowest of any province it is not our intention to increase them. Nominal increases are estimated for receipts under the Pari-Mutuel Tax and the Insurance Corporation Tax, the amounts being \$1,050,000 and \$2,500,000 respectively.

The increase in expenditure for the Department is due to extending our recreational and cultural activities, to provide centennial grants of \$1.00 per capita to the municipalities, and to develop our Provincial Museum project in preparation for its opening in 1967.

PUBLIC DEBT

	1965-66	1964-65	Decrease
Estimated expenditure:			
Income account	\$ 2,162,580	\$ 2,527,600	\$ 365,020

Our funded debt amounted to \$17,286,099 at December 31, 1964, down \$2,367,966 from the debt at the end of 1963. As the debt is paid off interest charges come down, and the amount of interest of \$383,000 in the estimates is \$47,000 less than the amount required last year. Debt maturing next year will require \$1,637,000, a decrease of \$299,000 from the amount required for debt retiring in the current year.

Further borrowings were required by the Alberta Municipal Financing Corporation and by the Alberta Government Telephones

Commission. These borrowings are guaranteed by the Province, and our total net guaranteed debt amounted to \$454,823,248 at December 31, 1964.

On March 31, 1964 our main reserves amounted to \$468,549,000 some \$44,000,000 higher than the amount at March 31, 1963. These reserves are invested in the amount of \$244,798,000 in securities of our municipalities, school boards, hospital boards, the Alberta Government Telephones Commission, rural electrification associations and farm loans; and \$223,751,000 in cash and Federal and Provincial debentures.

DEPARTMENT OF PUBLIC HEALTH

	1965-66	1964-65	Increase
Estimated revenue:			
Income account	\$ 39,020,250	\$ 34,690,500	\$ 4,339,750
Estimated expenditure:			
Income account	\$120,124,150	\$104,636,700	\$15,487,450

Estimates for the Department of Health are increased by \$15,-487,450 to a total of \$120,124,150. This represents 30.7% of our total operating budget and nearly one-quarter of our total budget on combined income and capital accounts. Actually the gross estimated expenditures for the department amount to \$126,326,050, but many of the services are on a cost sharing basis with the Federal Government, and reimbursements of \$6,201,900 reduces the expenditure to the amount shown in the above table.

The Alberta Hospitalization Plan provides payments to hospitals for approved operating costs, certain renovations and equipment, and interest and principal payments on capital debt. It is now planned to include the cost of out-patient service in the Plan. The total cost of the Plan is estimated to be \$85,179,750 which is \$9,-209,750 more than the amount estimated last year.

Assistance in the operation of nursing homes will come into full operation next year. More than 2000 beds are expected to be in use, and \$3,000,000 has been provided to pay grants to the operators of nursing homes. The grant will amount to \$4.50 per bed-day for all patients not on public assistance.

The Alberta Medical Care Plan is now well underway and \$3,-043,000 has been included in the estimates to pay for subsidies on medical insurance rates for those residents who qualify.

Increased costs and extended services at the Alberta Mental Hospitals have resulted in the appropriations requiring \$1,388,200 more than last year to a total amount of \$14,874,100.

Care of tuberculosis patients will cost \$2,670,200 and the cost of cancer treatment has been materially increased from \$1,489,500 to \$2,103,000 to provide for the latest equipment.

The following table shows the estimated net cost of all health services provided by the Department with a comparison to the amounts provided a year ago.

	Estimates 1965-66	Estimates 1964-65	Increase
Alberta Hospitalization Plan	\$ 85,179,750	\$ 75,970,000	\$ 9,209,750
Care of mentally ill	14,245,100	12,813,900	1,431,200
Care of tuberculosis patients	2,573,700	2,360,000	213,700
Cancer treatment	1,657,525	1,038,000	619,525
Alberta Medical Plan	3,043,000	2,830,800	212,200
Nursing Home assistance	3,000,000		3,000,000
Medical care of pensioners	2,500,300	2,307,000	193,300
Hospital construction grants	4,462,000	3,977,000	485,000
Administration and other health services	3,462,775	3,340,000	122,775
	\$120,124,150	\$104,636,700	\$15,487,450

A substantial program of construction has again been included in the Department of Public Works for health services. The total program is expected to cost \$5,464,500. Included in the program is \$2,402,500 for many additions and renovations at government hospitals; \$1,500,000 to construct the new cancer clinic; \$1,000,000 towards construction of a nursing home for veterans and \$450,000 for additions to the Provincial Laboratory of Public Health.

DEPARTMENT OF PUBLIC WELFARE

	1965-66	1964-65	Increase
Estimated expenditure:			
Income account	\$ 29,375,280	\$ 26,787,475	\$ 2,587,805

The gross amount estimated to be required for public welfare next year is \$46,365,165. After applying Federal reimbursements through cost sharing arrangements, the net cost to us will be \$29,375,280.

Public assistance expenditures are up considerably as a result of an increasing number of recipients, a broader concept of earnings permitted and the responsibility of paying the full cost of persons maintained in contract nursing homes who cannot pay the cost of co-insurance. There will be 263 welfare workers working out of 28 regional offices to amply cover the welfare needs in the Province.

Pensions and allowances will be continued; municipalities will continue to receive 80% of welfare costs incurred, and proper provision is made for child welfare. Provision is also made to open receiving homes for neglected children at Edmonton and Lethbridge.

The following table shows the net cost of the different phases of our welfare program.

	Estimates 1965-66	Estimates 1964-65	Increase or Decrease*	Number of Recipients
Public assistance	\$14,418,215	\$11,819,780	\$2,598,435	13,000
Rehabilitation	394,040	359,900	34,140	.....
Child welfare	3,504,970	3,545,000	40,030*	4,100
Pensions and allowances	5,062,990	5,166,910	103,920*	11,135
Supplementary allowances	2,902,000	3,303,000	401,000*	16,700
Homes for unmarried mothers	174,415	141,850	32,565	.....
Homes for neglected children	83,600	.....	83,600	.....
Emergency Measures Organization	189,840	210,230	20,390*	.....
Administration	2,645,210	2,240,805	404,405	.....
	\$29,375,280	\$26,787,475	\$2,587,805	.....

Provision has been made in the Public Works estimates to build four more homes for senior citizens. By the end of next year there will be in operation 15 homes in Edmonton and Calgary, and 50 homes at points other than in these two cities. It is also intended to construct various welfare homes and hostels at an estimated cost of \$1,320,000.

DEPARTMENT OF PUBLIC WORKS

	1965-66	1964-65	Increase
Estimated revenue:			
Income account	\$ 2,160,950	\$ 1,476,535	\$ 684,415
Capital account	5,185,390	1,076,030	4,109,360
	<hr/> \$ 7,346,340	<hr/> \$ 2,552,565	<hr/> \$ 4,793,775
Estimated expenditure:			
Income account	\$ 16,667,730	\$ 15,707,810	\$ 959,920
Capital account	56,422,000	30,488,930	25,933,070
	<hr/> \$ 73,089,730	<hr/> \$ 46,196,740	<hr/> \$26,892,990

We have estimated for a greatly accelerated program of construction of public buildings in order that the many services provided by the government may be properly handled. Although I have already mentioned many of these buildings in connection with the departments concerned, the following table shows a summary of the capital program to be undertaken by the Department of Public Works next year.

1. Department of Agriculture:	
Construction at agricultural and vocational schools	\$ 1,713,850
Construction of Veterinary Laboratory in Edmonton	250,000
Other construction	134,600
2. Attorney General's Department:	
Construction at gaols and institutions	3,927,650
3. Department of Education:	
Construction on University campuses	13,286,000
Construction at Institutes of Technology	7,317,900
4. Department of Highways:	
Construction of maintenance shops and garages	1,613,250
5. Department of Lands and Forests:	
Construction of warehouses, ranger stations, etc.	1,792,550
6. Department of Public Health:	
Construction at Government hospitals	2,402,500
Construction of cancer clinic, Edmonton	1,500,000
Construction of Veterans' Nursing Home, Edmonton	1,000,000
Construction at Provincial Laboratory, Edmonton	450,000
Other construction	112,000
7. Department of Public Welfare:	
Construction of homes for senior citizens	2,018,500
Construction of hostels, homes and clinics	1,320,000
8. Department of Public Works:	
Construction at power plant on University campus in Edmonton	1,339,000
Construction of pilot plant and laboratory for Research Council	1,320,000
Construction of Provincial Museum and Archives	500,000
Construction of provincial buildings, court houses and shops	5,602,300
9. Treasury Department:	
Construction—treasury branches	460,000
Total estimated construction of public buildings	<hr/> \$ 48,060,100
Construction at provincial power plants	127,000
Furnishings and equipment for all public buildings	8,234,900
TOTAL: Department of Public Works—capital estimates	<hr/> \$ 56,422,000

The increase in the estimated expenditure on income account is due to higher maintenance costs as a result of more buildings to be looked after, and appropriations totalling \$14,384,350 have been included for this purpose. Grants to municipalities in lieu of taxes will require \$1,750,000, and \$121,000 has been provided to assist certain municipalities in the construction of police stations.

Capital receipts are obtained chiefly from the Federal Government in connection with constructing and equipping vocational classrooms at our institutes and agricultural schools.

TREASURY DEPARTMENT

	1965-66	1964-65	Increase or Decrease*
Estimated revenue:			
Income account:			
Government of Canada	\$ 10,748,000	\$ 10,690,000	\$ 58,000
Departmental	120,731,680	108,757,325	11,974,355
Capital account	10,244,700	10,128,825	115,875
	<u>\$141,724,380</u>	<u>\$129,576,150</u>	<u>\$12,148,230</u>
Estimated expenditure:			
Income account	\$ 25,338,305	\$ 23,357,725	\$ 1,980,580
Capital account	35,000	1,035,000	1,000,000*
	<u>\$ 25,373,305</u>	<u>\$ 24,392,725</u>	<u>\$ 980,580</u>

Earlier in this Speech I outlined briefly our fiscal arrangements with the Federal Government, and anticipated that we will receive higher payments from this source. The Alberta Income Tax Act is expected to yield \$65,700,000, an increase of \$6,550,000, while our share of estate taxes and of certain public utilities corporations taxes are estimated to be \$4,850,000 and \$3,000,000 respectively.

Interest on our invested reserves will amount to \$17,853,680 and principal repayments will be \$10,244,700. Liquor profits are expected to be \$2,000,000 higher at \$28,500,000.

A new item of \$500,000 has been included to bring us some return, over and above interest on loans, as owners of the Alberta Government Telephones.

Expanded operations of the treasury branches will cost a total of \$5,953,430 compared to \$4,490,370 estimated a year ago. Salaries and interest on deposits are the main items in these expenditures. However earnings and profits from our treasury branches will amount to \$7,800,000, an increase of \$1,300,000 over last year. Unconditional grants to municipalities will be increased from \$16,500,000 to \$16,926,000.

In addition to our budgetary estimates certain loans are made under statutory authority. The Farm Purchase Credit Act has been very active with 2521 applications approved to the end of 1964 involving \$13,826,936 in loans. Further loans in the amount of \$1,800,000 are expected to be made next year. In addition \$1,000,000 loans under The Rural Telephones Revolving Fund Act have been anticipated to continue to assist rural companies to operate their own systems under the supervision and connection with the Alberta Government Telephones Commission.

MUNICIPAL ASSISTANCE

As in previous years, I have enclosed a statement showing assistance to municipalities at the end of this speech. Direct financial assistance is expected to amount to \$137,481,700 next year which is \$20,079,984 more than the amount estimated last year and represents 27.84% of our total budget. Indirect assistance which includes hospitalization and medical services is estimated to be \$74,319,360, an increase of \$23,437,240 over the previous year's estimate. Total direct and indirect financial assistance amounts to \$211,801,060 which is 42.89% of our over-all budget.

In the statement you will note that grants to schools have been increased by \$10,711,500 to a total of \$81,983,000; net provincial assistance towards the construction of technical schools is estimated to be \$3,750,000; and \$1,200,000 has been appropriated as a contribution to the Teachers' Retirement Fund. Grants to municipalities for construction and maintenance of highways will be \$20,690,000, an increase of \$2,310,000 over the previous year and \$16,926,000 will be distributed as unconditional grants.

Total direct and indirect financial assistance for the sixteen year period ending March 31, 1966 will amount to \$1,571,857,686, and it is interesting to compare this figure to our total projected oil revenues of \$1,663,000,000 for the same period.

CONCLUSION

During the course of my remarks I began by comparing the Alberta budget for 1945/46 which in retrospect appears very modest indeed with the budget for the coming year to show the giant strides that have been taken during the past twenty years of the post war era to bring us to the very favorable position which we enjoy today. I have dwelt at some length on many details in the present budget in an effort to provide the Honourable Members with clear and authentic information regarding estimated revenues and proposed expenditures of all Departments which I trust will be helpful in analyzing and discussing all of these features in their true and proper perspective.

This budget which calls for the collection and distribution of nearly \$500,000,000 will affect the lives and destinies of our citizens in innumerable ways. The Government is always mindful that our Annual Budget is a very powerful instrument of public policy which translates into action and reality the collective hopes and aspirations of all our people and their deep concern for the needs of others in all segments of our society. It must be prepared with the greatest of care and discretion to reflect as closely as possible the desires of all within limits which they are able and prepared to support.

A high standard of hospital treatment and care from those who suffer from illness and physical and mental disabilities; medical services within the financial reach of all; rapidly expanding programs and facilities to educate and train our youth to take their rightful place in the world of tomorrow; financial help to relieve economic distress and privation; maintenance and extension of a system of

modern highways to carry safely the ever growing volume of car and truck traffic; facilities for family recreation and enjoyment in an age of more leisure time; law enforcement agencies and correctional institutions to preserve an orderly and peaceful way of life; and a bold new program to tap the wealth and accelerate and development of our far flung northern areas; these are but a few notable examples of the major benefits which this record budget will provide.

But what of the future? In a young and dynamic society such as we have in Alberta it is the future which really counts.

During all of our years in office the Social Credit Government of Premier Aberhart and Premier Manning has worked tirelessly with clear and definite objectives and fearless leadership to build a better Alberta. The renewed confidence which has been registered over and over again in support of this administration is eloquent testimony of its ability to live up to the expectations of our people and to meet in a constructive and positive way the great challenge of the changing times and conditions through which we have lived during the past thirty years.

This Government knows that Alberta with its vast natural resources, large area, and favorable climate can well support several million people. It knows that what has already been done is only a prelude to much greater accomplishments in the future. It firmly believes that further development and expansion during the years ahead can best be achieved by continuing to rely upon the intelligence, initiative and energy of the individual citizen in free association with others to promote, organize and operate the commercial and industrial enterprises of the Province with a minimum of regulation, control and artificial stimulation by government.

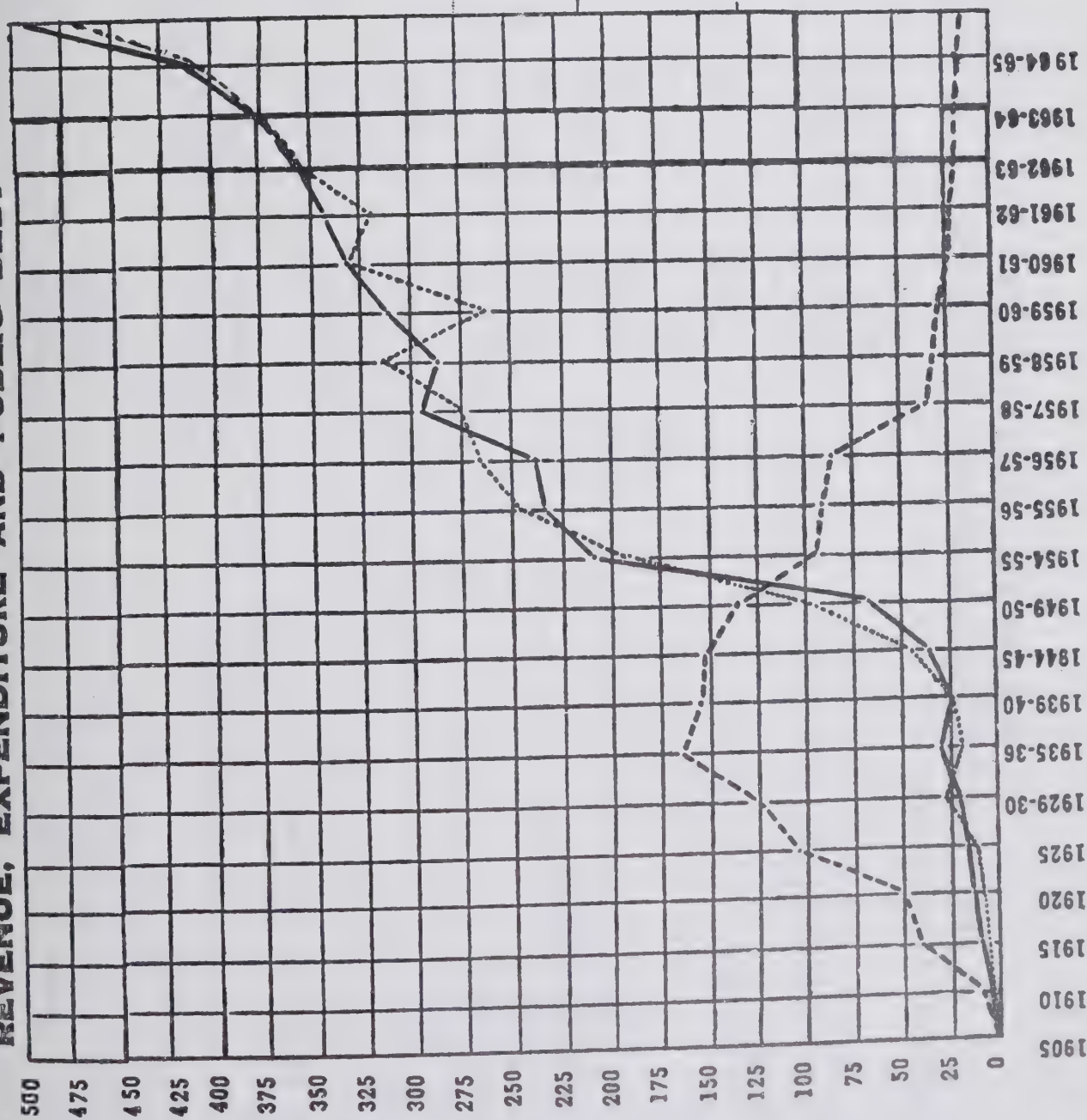
This Government can foresee, even while making proper allowance for the warning about overspending which I discussed near the beginning of this speech, that in the early 1970's the annual budget of the Province will have passed the \$1,000,000,000 mark; and we regard the budget which I have the honor and privilege of presenting as just one more milestone in Alberta's march of progress.

Mr. Speaker, I move that you do now leave the Chair.

PROVINCE OF ALBERTA

REVENUE, EXPENDITURE AND PUBLIC DEBT

Millions
of Dollars



PROVINCIAL ASSISTANCE TO MUNICIPALITIES FOR THE SIXTEEN YEARS ENDING MARCH 31, 1951 TO MARCH 31, 1966

DIRECT FINANCIAL ASSISTANCE—

	Total 13 years Apr. 1/50 to Mar. 31/63 Actual	1963-64 Actual	1964-65 Revised Estimate	1965-66 Estimated	Total 16 Years
1. Education:					
Operational Grants to Schools	\$ 367,575,380	\$ 61,330,330	\$ 71,271,500	\$ 81,983,000	\$ 582,160,210
Construction Grants to Schools	90,971,532	2,036,168	.....	.....	93,007,700
Construction Grants to Technical Schools (net)	7,416,456	2,825,304	1,150,000	3,750,000	15,141,760
Grants to Teachers' Retirement Fund	4,410,030	.....	.....	1,200,000	5,610,030
2. Public Health:					
Hospital Construction Grants	9,023,343	3,323,221	1,550,000	4,462,000	18,358,564
Health Services Grants	4,329,181	870,201	1,002,000	1,009,700	7,211,082
3. Highways:					
Grants for roads, bridges and other structures	141,552,524	16,846,555	18,380,000	20,690,000	197,469,079
4. Treasury:					
Grants in lieu of taxes	2,350,079	1,461,790	1,600,000	1,750,000	7,161,869
Municipal Assistance Grants	131,451,166	15,000,000	16,500,000	16,926,000	179,877,166
Grants for Police Stations	749,085	312,727	166,000	121,000	1,348,812
5. Attorney General's Department:					
Remission of fines collected under the Alberta Liquor Act	1,908,096	219,808	250,000	230,000	2,607,904
6. Public Welfare:					
Indigent Relief	20,719,713	2,735,928	2,750,000	2,750,000	28,955,641
7. Lands and Forests:					
Refunds of cultivation and grazing leases	4,997,387	634,066	567,216	570,000	6,768,669
8. Provincial Secretary:					
Recreation Grants	3,241,428	363,679	375,000	200,000	4,180,107
9. Municipal Affairs:					
Winter Works Incentive Program	4,189,036	2,023,344	1,840,000	1,840,000	9,892,380
TOTAL: Direct Financial Assistance	\$ 794,884,436	\$ 109,983,121	\$ 117,401,716	\$ 137,481,700	\$ 1,159,750,973

INDIRECT FINANCIAL ASSISTANCE:

General Hospitalization for all residents and medical services for Pensioners, Polio, Cancer etc.	\$ 247,261,086	\$ 39,644,147	\$ 50,882,120	\$ 74,319,360	\$ 412,106,713
TOTAL: Direct and Indirect Financial Assistance	\$ 1,042,145,522	\$ 149,627,268	\$ 168,283,836	\$ 211,801,060	\$ 1,571,857,686

ASSISTANCE BY LOANS:

1. Self Liquidating Projects Act	\$ 21,994,279	.....	.....	.....	\$ 21,994,279
2. Municipal Capital Expenditure Loans Act	125,000,000	.....	.....	.....	125,000,000
3. Other Municipal Loans	66,936,972	224,000	143,500	290,000	67,594,472
4. School Construction Loans	82,638,963	.....	.....	.....	82,638,963
TOTAL: Assistance by Loans	\$ 296,570,214	\$ 224,000	\$ 143,500	\$ 290,000	\$ 297,227,714

ESTIMATED VALUE OF AGRICULTURAL PRODUCTION
FIELD CROPS

	1963		1964	
	Production Bushels	Value Dollars	Production Bushels	Value Dollars
Wheat	149,000,000	259,260,000	145,000,000	230,000,000
Oats	124,000,000	69,440,000	79,000,000	50,000,000
Barley	119,000,000	102,340,000	107,000,000	100,000,000
Rye	3,180,000	3,657,000	3,500,000	4,000,000
Mixed Grain	13,000,000	10,530,000	11,000,000	9,000,000
Flaxseed	3,700,000	11,026,000	4,100,000	12,000,000
Potatoes	4,167,000	4,750,000	4,048,000	11,740,000
	Pounds		Pounds	
Mustard Seed	61,200,000	2,509,000	23,000,000	1,000,000
Rapeseed	178,000,000	8,900,000	285,000,000	15,390,000
	Tons		Tons	
Tame Hay	3,800,000	58,900,000	3,600,000	74,000,000
Sugar Beets	580,000	10,295,000	528,000	7,260,000
Miscellaneous Crops		21,446,000		17,200,000
TOTAL Value Field Crops		563,053,000		531,590,000

LIVESTOCK

	1963		1964	
	Number	Value Dollars	Number	Value Dollars
Cattle	790,847	150,923,000	849,000	152,820,000
Calves	233,066	20,957,000	206,000	19,364,000
Sheep and Lambs	194,663	2,932,000	170,000	2,600,000
Hogs	1,603,488	65,138,000	1,844,000	67,700,000
TOTAL Value Livestock		239,950,000		242,484,000

LIVESTOCK PRODUCTS

	1963	1964
	Value in Dollars	
Dairy Products	51,059,000	53,193,000
Poultry Products	30,685,000	28,860,000
Honey and Wax	1,818,000	1,300,000
Wool	942,000	884,000
Fur Farming	2,647,000	3,346,000
Other Livestock Products	910,000	956,000
TOTAL Value Livestock Products	88,061,000	88,539,000

SUMMARY

	1963	1964
Field Crops	\$563,053,000	\$531,590,000
Livestock	239,950,000	242,484,000
Livestock products	88,061,000	88,539,000
	\$891,064,000	\$862,613,000

NATURAL RESOURCES

		1963 (Final)		1964 (Preliminary)	
		Production	Value \$	Production	Value \$
Crude Oil and Equivalent	Bbls.	188,888,943	475,756,832	199,482,672	510,530,879
Natural Gas Marketed	M.C.F.	692,923,252	96,563,485	772,811,541	113,192,889
Sulphur — Sales	Tons	1,044,152	12,108,428	1,519,396	16,806,139
Coal	Tons	2,289,943	9,864,890	2,875,635	10,414,367
Salt	Tons	96,417	1,496,577	101,400	1,665,000
Cement	Tons	727,122	13,713,527	771,361	14,777,775
Lime	Tons	54,826	970,673	58,618	1,051,192
Sand and Gravel	Tons	16,139,744	14,894,547	16,558,448	15,873,855
Stone	Tons	138,894	416,426	117,051	448,733
Clay Products .....	\$	.....	3,452,835	.....	3,777,570
Gold and Silver	Oz.	144	5,000	59	2,082
Lumber — Sawmill Production (Crown Lands)	F.B.M.	335,000,000	19,300,000	393,500,000	22,600,000
Fur Wild Life	No. of Pelts	1,111,496	1,943,878	799,435	1,864,136
Commercial Fishing	Lbs.	8,413,806	1,178,000	12,728,587	1,209,514

OTHER STATISTICS

	1963 (Final)	1964 (Preliminary)
Retail Trade	\$ 1,564,895,000	1,640,000,000
Value of Manufactured Shipments	\$ 1,034,600,000	1,134,000,000
Electricity — Net Generated	KW Hrs. 4,489,507,000	4,966,633,000
Bank Debits	\$ 22,511,693,000	25,400,000,000
Construction Contracts Awarded	\$ 265,593,700	369,454,700
Value of Building Permits Issued	\$ 276,895,000	289,044,000
Motor Vehicles Licensed	No. 554,778	576,500
Gravelled or Surfaced Roads and Highways	Miles 54,453	56,361
Population — June 1	No. 1,405,000	1,432,000
Number of School Rooms in Operation, June 30	No. 11,801	12,446
Tourist Trade (Visitors to National Parks)	No. Persons 2,629,721	2,584,237

